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A Voice for Arizona's Children since 1988

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November 16, 2015

The Honorable Sylvia Mathews Burwell, Secretary
Department of Health and Human Services
200 Independence Avenue SW
Washington, DC 20201

Re: Arizona Proposed Amendment to Arizona Health Care Cost
Containment System 1115 Waiver Demonstration - Safety Net Care
Pool Extension

Dear Secretary Burwell:

Children's Action Alliance appreciates the opportunity to provide comments regarding the proposed Safety Net Care Pool Extension. As a non-partisan, non-profit children's advocacy organization, Children's Action Alliance has worked over the past 27 years to improve the health, education and security of Arizona's children. We believe that AHCCCS is an important partner to our mission given that 40% of Arizona's children have health coverage through the Medicaid program.

Children's health coverage and the Safety Net Care Pool: We see a large gap in the proposal since reinstatement of the state's Children's Health Insurance Program, or KidsCare, is not being discussed as part of a comprehensive effort to address the high percentage of uninsured children in Arizona.

The SNCP was originally established to support safety net, rural and critical access and Disproportionate Share Hospital providers to address uncompensated care costs. We understand the importance of the proposed Safety Net Care Pool transition to address the Medicaid shortfall for the high acuity patients served by Phoenix Children's Hospital (PCH). But this SNCP proposal does nothing to address the disproportionate impact of uninsured children across the entire health system, particularly in safety net hospitals and other providers who are experiencing uncompensated costs.

As Arizona is requesting an extension for SNCP, the state has not accepted full federal funding to re-open its CHIP program. KidsCare was frozen in 2010 and subsequently re-opened under KidsCare II as a key condition of the original SNCP agreement in 2012. KidsCare II sunset in January 2015 with the full implementation of the Affordable Care Act and new marketplace plans. Without the availability of

KidsCare, families face unaffordable levels of cost sharing through private plans and the Marketplace QHPs. Arizona's high rate of uninsured children underscores the need to provide strong coverage options for kids. Arizona stayed, for the fifth year running, near-bottom among states (49th) in its rate of uninsured children (10 percent), with about 162,000 remaining uninsured.¹ In fact, the 2014 Census data show that Arizona has the highest rate in the nation of uninsured children in the KidsCare income eligible range at 16.5% (138% to 199% of FPL).

By addressing a single provider, the SNCP extension does not account for critical access hospitals, FQHCs, rural and highly rural, and small providers who are equally subject to uncompensated care costs. Lifting the freeze on KidsCare should be part of a more comprehensive plan to address uncompensated care across the entire health system. Working with CMS on Arizona's allotment of federal CHIP funds, this can be accomplished without any cost to the state for at least two years. While KidsCare operates under a separate funding mechanism, the SNCP extension request represents an important opportunity for Arizona to propose how its waiver strategy complements broader efforts to address issues around children's health coverage.

Thank you for the opportunity to respond to the waiver amendment. We commend your leadership and commitment to high quality, accessible, value based health care for Arizonans. We welcome any opportunities to collaborate or discuss further our comments and concerns.

Sincerely,

A handwritten signature in cursive script, reading "Dana W. Naimark".

Dana Wolfe Naimark
President and CEO

¹ J. Alker and A. Chester, "Children's Health Insurance Rates in 2014: ACA Results in Significant Improvements" Georgetown Center for Children and Families (October 2015), available at <http://ccf.georgetown.edu/>